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Letter dated 5 June 2002 from the Chairman of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait addressed to the President of the Security Council

I have the honour to transmit herewith the annual report of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait (see annex). The report, which was adopted by the Committee on 4 June 2002, is being submitted pursuant to the note by the President of the Security Council of 29 March 1995 (S/1995/234).

(*Signed*) Ole Peter **Kolby**
Chairman
Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait

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Annex

Annual report of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait

I. Introduction

1. The present report is submitted to the Security Council pursuant to the note by the President of the Security Council dated 29 March 1995 (S/1995/234), by which the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait is requested to report annually to the Security Council, providing a concise indication of its activities. The Committee has so far submitted five annual reports to the Security Council (S/1996/700, S/1997/672, S/1998/1239, S/2000/133 and S/2001/738). The present report, the sixth of its kind, presents a factual summary of the Committee's major activities from 1 December 2000 to 31 December 2001, with additional references to other important events and decisions.

2. During the reporting period, the implementation of the arrangements established by resolution 986 (1995) has continued under resolutions 1330 (2000) (phase IX), 1352 (2001) (extension of phase IX), 1360 (2001) (phase X) and 1382 (2001) (phase XI). The Committee submitted three reports to the Council during this period on the implementation of the arrangements set out in paragraphs 1, 2, 6 and 8 to 10 of resolution 986 (1995) (S/2001/321 of 3 April 2001, S/2001/842 of 5 September 2001 and S/2001/1341 of 31 December 2001).

3. Pursuant to paragraph 6, subparagraph (f), of the guidelines to facilitate full international implementation of paragraphs 24, 25 and 27 of Security Council resolution 687 (1991), the Committee submitted four reports to the Council during the reporting period on matters related to the arms embargo (S/2001/72, S/2001/400, S/2001/721 and S/2001/1003).

4. The Committee's bureau is elected at the beginning of each calendar year after consultations among members of the Security Council. The bureau consists of a Chairman elected in his or her personal capacity and two Vice-Chairmen designated in their national capacity. For 2000, the bureau consisted of Peter van Walsum (Netherlands) as Chairman, with the delegations of Argentina and Ukraine as Vice-Chairmen. For 2001, Ole Peter Kolby (Norway) served as Chairman, with the delegations of Mauritius and Ukraine as Vice-Chairmen.

II. Work of the Committee

5. During the reporting period, the Committee dealt with a wide range of issues. From December 2000 to the end of December 2001, the Committee held 20 formal meetings, bringing the total number of formal meetings to 228 since its inception in 1990. In accordance with the decisions taken at the Committee's 132nd and 134th meetings, the Chairman continued to give oral briefings about the work of the Committee after each formal meeting to interested delegations and the press.

6. The Committee also held frequent informal consultations at the expert level to discuss various issues concerning its work, in particular issues related to the implementation of the oil-for-food programme, such as holds on contracts, the cash component and oil pricing mechanisms.

A. Implementation of Security Council resolution 986 (1995)

7. The operation under resolution 986 (1995) continued throughout the reporting period, extended successively by resolutions 1330 (2000), 1352 (2001), 1360 (2001) and 1382 (2001). The Committee continued in its efforts to overcome difficulties in the approval process and to speed up the delivery and distribution of humanitarian supplies to Iraq.

Export of petroleum and petroleum products from Iraq

8. During the period covered by the present report, ending 31 December 2001, the export of petroleum and petroleum products from Iraq continued, with cooperation among the oil overseers, the United Nations independent inspection agents (Saybolt Nederland BV), the State Oil Marketing Organization of Iraq and national oil purchasers.

9. By the end of the reporting period, there were 944 national oil purchasers, nominated from 86 countries,

authorized to communicate directly with the oil overseers, in accordance with paragraph 2 of the procedures of the Committee (see S/1996/636).

10. In the period covered by the present report, a total of 383 oil contracts were reviewed and approved by the oil overseers and the Committee. Four hundred and nine liftings were made, with a volume of 637 million barrels. The revenue generated amounted to €13,348 million ($11,764 million at the rate of exchange on 30 December 2001). About 37 per cent of the loadings were made at Ceyhan in Turkey.

11. During the reporting period, the oil overseers continued to advise the Committee on oil prices, volumes, liftings, destinations, management of the revenue objective and other pertinent questions related to the monitoring of petroleum exports from Iraq in accordance with the provisions of resolutions 986 (1995), 1153 (1998), 1210 (1998), 1242 (1999), 1266 (1999), 1281 (1999), 1302 (2000), 1352 (2001), 1360 (2001) and 1382 (2001). The oil overseers briefed the Committee, on a number of occasions, on matters related to the pricing mechanisms for Iraq's oil exports.

12. During phase IX, two irregularities (involving Glencore AG and Montega) in the crude-oil export operations have been detected and reported to the Committee by the oil overseers. Both cases involved potential loss of revenue to the United Nations Iraq account because of non-compliance with the authorized discharge destination. In order to decrease the possibility of such deviations in the future, the oil overseers initiated from 1 April 2001 the issuance of notification of authorized export destinations to ships' masters.

13. During phase X the oil overseers briefed the Committee on a number of occasions on matters related to the pricing mechanisms for Iraqi's oil exports. Discussions in the Committee on this issue, which were also reflected during the consultations in the Security Council, continued without reaching consensus on the time frame for the oil pricing mechanisms. Meanwhile, starting from October 2001 all the pricing mechanisms proposed by the State Oil Marketing Organization to the Committee through the oil overseers were put on hold, and the holds were released towards the end of each month after the Overseers provided new recommendations and reports concerning market premia paid for Iraqi crude. The impact of this retroactive pricing and Iraq's policy of imposing excess premia on its oil exports is now under careful consideration by the Committee.

14. In November 2001 two cases of alleged shipment of Iraqi crude oil outside the framework of United Nations control (both on the vessel *Essex*) was brought to the attention of the members of the Committee. The Committee decided to address the countries involved so that they would investigate the matter and present their findings to the Committee. Meanwhile the additional measures to ensure proper monitoring of Iraqi crude-oil exports, as proposed by the Office of the Iraq Programme, have been approved by the Committee.

15. Pursuant to paragraph 14 of the procedure of the Committee, the overseers continued to report to the Committee once a week on the contracts they considered for the sale of petroleum originating in Iraq, including the cumulative quantity and approximate value of petroleum authorized for export. Pursuant to the request of the Security Council, since 1 October 2001 a paragraph concerning market premia paid for Iraqi crude oil has been included. By the end of 2001, 264 such reports had been submitted to the Committee.

Efforts by the Committee to expedite humanitarian deliveries and related matters

16. During the reporting period, the Committee continued to attach priority to the work of processing contracts for humanitarian supplies for Iraq submitted under the oil-for-food programme.

17. Pursuant to paragraph 11 of Security Council resolution 1330 (2000) of 5 December 2000, the Committee approved a number of expanded lists of humanitarian items submitted in accordance with paragraph 17 of resolution 1284 (1999) and paragraph 8 of resolution 1302 (2000). The lists of additional educational, water and sanitation and food-handling items were approved on 12 February 2001. The list of additional agricultural items was approved on 23 February 2001, and the list of additional items for the health sector was approved on 27 February 2001. Pursuant to paragraph 10 of Security Council resolution 1330 (2000), the Committee approved the list of basic or standard items for the housing sector on 27 February 2001 and the list of items for the electricity sector, under phase IX, on 24 May 2001. It is worth noting that all of the above lists were approved with reservations by certain delegations. In accordance

with the aforementioned resolutions, supplies of items on the approved lists will not be submitted for the Committee's approval, except for items subject to the provisions of resolution 1051 (1996), and will be notified to the Secretary-General and financed in accordance with the provisions of subparagraphs 8 (a) and (b) of resolution 986 (1995).

18. Much of the Committee's attention has been focused on the question of holds on contracts in the humanitarian sector, as well as oil spare parts and equipment. In accordance with the recommendations contained in the letters of the Secretary-General to the President of the Security Council of 22 October 1999 (S/1999/1086) and 3 October 2000 (S/2000/950), members of the Committee continue reviewing humanitarian contracts placed on hold during the reporting period.

19. The Committee has initiated a series of informal meetings on sectoral activities, with presentations by the United Nations agencies and programmes concerned, as well as discussions on holds in each sector. The first meeting took place on 3 April 2001; the Committee was briefed by the United Nations Centre for Human Settlements on the housing situation in Iraq. On 4 May 2001, Committee members heard a briefing by representatives of the International Telecommunication Union on the situation of Iraq's telecommunications sector. On 10 September 2001 the Committee was briefed by representatives of the United Nations Children's Fund (UNICEF) on the water and sanitation sector in the south and centre of Iraq, on 22 October 2001 representatives of the Food and Agriculture Organization of the United Nations (FAO) briefed the Committee on the agricultural sector, and on 20 November 2001 the Committee heard a briefing by the United Nations Development Programme (UNDP)/Electricity Network Rehabilitation Programme and the United Nations Humanitarian Coordinator in Iraq, Mr. Tun Myat, on the electricity sector. On 27 November 2001 Mr. Myat and his colleagues were back in the Committee to resume the discussions on reconnecting Iraq's three northern governorates to the national electricity grid. On 12 December 2001, representatives of the United Nations Educational, Scientific and Cultural Organization (UNESCO), UNICEF and the United Nations Office of the Humanitarian Coordinator in Iraq briefed the Committee on the education sector. In the aforementioned meetings, the Committee was urged to address the issue of holds as soon as possible, so as to facilitate the implementation of the oil-for-food programme.

20. On 1 February 2001 members of the Committee heard a briefing by the Secretariat on the payment mechanism and commercial protection under the ESB (53 per cent) account. Members of the Committee agreed that the issue of a payment mechanism that would address Iraq's concerns and provide adequate commercial protection within the rules and regulations governing the implementation of the humanitarian programme would be discussed during informal consultations of the Committee at the expert level. Discussions on the matter are still inconclusive and will continue.

21. The Secretariat brought to the Committee's attention Iraq's delay in issuing entry visas to United Nations personnel. In a subsequent letter to the Iraqi Government, the Committee reiterated the relevant provisions of the memorandum of understanding and urged Iraq to fulfil its obligations and expeditiously address that issue. During the reporting period, there was no subsequent change in Iraq's position.

Humanitarian supplies to Iraq under the oil-for-food programme

22. During the period covered by this report, the Secretariat received 5,747 applications, of which 544 were subsequently cancelled or declared null and void, 1,856 were notified by the Secretariat based on the categorized lists ("green lists") pre-approved by the Committee pursuant to paragraph 11 of resolution 1330 (2000), 2,861 were circulated to the Committee, 197 were incomplete or considered non-compliant with the Committee's procedures, and 83 were considered inactive. Of the 2,861 circulated for action, 2,104 were approved, with a total value of approximately $5,275,797,304, 721 applications worth approximately $2,809,444,989 were placed on hold and 36 with a total value of $112,823,740 were awaiting decisions from the Committee. In the same period, 1,398 applications worth $3,760,247,342 were released from previous holds, and 1,540 were placed on hold, with a total value of $5,139,985,814. The Committee also approved applications worth approximately $266,422,850 for purchases for the United Nations inter-agency humanitarian programmes operating in the northern part of Iraq.

23. The arrival of humanitarian goods is verified and confirmed by the United Nations independent inspection agents, Cotecna, at four entry points: the port of Umm Qasr, Trebil on the Iraqi-Jordanian border, Al-Walid on the Iraqi-Syrian border and Zakho on the Iraqi-Turkish border. During the period covered by the present report, from 1 December 2000 to 31 December 2001, a total of 4,548 approved consignments were confirmed as having arrived in Iraq in full or partial shipments. As in previous phases, the Iraqi authorities have accorded the independent inspection agents full cooperation in their work.

24. The Committee remains fully committed to implementing its mandate with regard to the export of humanitarian supplies to Iraq under the oil-for-food programme and will continue its efforts to further improve the approval process and enhance the timely delivery of humanitarian supplies to Iraq.

Matters related to the oil sector (oil spare parts and cash component)

25. By its resolution 1175 (1998), the Security Council decided that up to a total of $300 million in the escrow account produced pursuant to resolution 1153 (1998) might be used to meet any reasonable expenses that follow directly from contracts for parts and equipment necessary for Iraq to increase the export of petroleum and petroleum products. Paragraph 1 of resolution 1293 (2000) increased the amount that might be used to meet any reasonable expenses in that regard to $600 million. That arrangement has subsequently been reaffirmed by Security Council resolutions 1302 (2000), 1330 (2000), 1352 (2001), 1360 (2001) and 1382 (2001).

26. The Committee has made continuous efforts to expedite the approval of applications for spare parts and equipment required for the oil sector. Pursuant to paragraph 18 of resolution 1284 (1999), the Security Council requested the Group of Experts appointed by the Committee to approve contracts for the parts and equipment referred to in paragraph 1 of resolution 1175 (1998). On 21 February 2001, the Committee received a project-based list of oil spare parts and equipment for the Iraqi oil industry under phase IX. The list was approved with amendments on 25 May 2001. On 4 September 2001 the Committee received from the Office of the Iraq Programme a list of items for oil spare parts and equipment (for phase X), submitted pursuant to paragraph 18 of resolution 1284 (1999), which were deemed eligible for accelerated approval procedures. The Committee approved the list with amendments on 15 November 2001.

27. The Committee held a number of informal consultations at the expert level to discuss the situation of the oil industry in Iraq. It discussed ways to improve the approval process for contracts for sending oil spare parts and equipment to Iraq in accordance with existing procedures.

28. By the end of 2001, the Secretariat had received 2,042 applications from 49 States for the export of oil spare parts and equipment to Iraq. Forty-three of these applications were subsequently withdrawn, and 677 were circulated to the Committee for consideration. Of the total considered by the Committee, 400 contracts with a value of approximately $423,125,008 were subsequently approved, 274 worth $374,979,238 were placed on hold, and 3 with a value of $4,550,280 were awaiting the decision of the Committee. In the same period 522 applications worth approximately $426,276,331 were released from previous holds, and 274 contracts with a value of $374,979,238 were placed on hold. One hundred and fifty-four applications with a value of $235,965,627 were still under evaluation by Secretariat experts, including 27 inactive applications worth $12,520,771, while 272 with a value of $263,976,063 remained to be processed. (Note: 862 applications worth $812,965,366 were approved by the Office of the Iraq Programme.)

29. The Committee intends to continue the practice of keeping under review contracts for oil parts and equipment that have been placed on hold.

30. With regard to the issue of the cash component for the oil sector, following comprehensive discussions, on 17 October 2001 the Committee sent a letter to the Executive Director of the Office of the Iraq Programme conveying the Committee's agreement, in principle, with the approach and direction taken by the Secretary-General, as described in the report to the Security Council on the matter (S/2001/566, annex). At the same time, certain elements relating to the implementation of the necessary arrangements in this regard continue to be of concern to certain members of the Committee, and, thus, further clarifications were sought. The Committee agreed, therefore, to request that the Executive Director of the Office of the Iraq Programme address certain points described in the annex to the above-mentioned letter in his discussions

with the Government of Iraq and then report back to the Committee.

B. Humanitarian exemptions under resolution 661 (1990)

31. During the period covered by the present report, the Committee continued to receive and process other notifications and applications to send humanitarian goods to Iraq submitted under resolutions 661 (1990) and 687 (1991). The total number of notifications and applications received from States and international organizations was 6,352, including 181 notifications. The Committee acknowledged receipt of all 84 foodstuff notifications and took note of 97 voluntary notifications for medical supplies to Iraq, which had an estimated combined value of $267,037,113.32. Under its "no-objection" procedure, the Committee processed all of the remaining 6,171 applications concerning the supply of other categories of goods to Iraq. Some 2,168 of these requests, with an estimated value of $8,041,384,653.29, were approved; 682 requests with an estimated value of $2,009,426,507.07 were placed on hold for further information and/or clarification, and 3,313 applications with a value of $27,550,806,741.45 were blocked. Eight applications with a value of $2,574,551.44 were withdrawn or annulled.

C. Flights

32. During the period covered by the present report, the Committee continued the discussion on issues related to the Committee's procedures with regard to flights to Iraq. The Committee processed and responded to 447 communications concerning flights to Iraq. The Committee also considered a number of related issues on the matter. As requested by some of its members, the Committee considered at its 210th meeting, in December 2000, some press reports relating to plans of a United Arab Emirates company to establish regular flights to Baghdad. At the 222nd meeting, on 6 September 2001, the Committee discussed a communication from Syria informing the Committee that Syrian Arab Airlines intended to start operating charter flights twice a week between Damascus and Baghdad. In the absence of consensus, the Committee continued to follow its current practice of considering flight communications on a case-by-case basis, pending a solution with regard to the procedures for flights to Iraq.

D. Financial matters

33. An Iraqi request to donate €1 billion of oil revenue to the Palestinian people was on the agenda of the Committee in early 2001. The President of the Security Council requested recommendations on this matter, and the Committee met a number of times in early 2001 to consider the possibilities and implications. The Chairman informed the Committee of his contact with the Palestinian representative, who had welcomed the Iraqi gesture and hoped that this matter might be dealt with by the Committee independently of the sanctions regime against Iraq. Debates ensued, with diverse opinions expressed in the Committee. The Chairman concluded that there was no agreement on the issue, and he would so inform the President of the Security Council.

34. At its 212th meeting, on 18 January 2001, the Committee considered a request from UNESCO to open a bank account in Iraqi dinars from which funds could be drawn to finance activities in Iraq. The Committee decided to request further clarification on the proposal before taking further action on it.

35. With regard to a request from Jordan that its share in a private joint venture held in Baghdad be released, the Committee decided at its 212th meeting that the Chairman of the Committee would approach the Jordanian Ambassador to glean further information.

36. Referring to a letter from Jordan requesting the Committee's authorization for a Jordanian company to provide insurance to a company in Baghdad, the Committee, at its 212th meeting, was of the view that such activities were prohibited by paragraph 4 of resolution 661 (1990).

37. The representative of the United Nations Treasury briefed the Committee at its 215th meeting, on 19 March 2001, on the euro reports circulated earlier to all members. The Treasurer confirmed that an account in euros had been opened with BNP-Paribas and cited relevant administrative costs for the changeover that totalled $2.6 million. The Treasurer also briefed the Committee on the diversification of banking services for the United Nations Iraq account.

38. During related discussions, the Treasurer also appealed to the Committee to encourage States to transfer proceeds from the sale of illegal Iraqi oil cargoes into the escrow account established by resolution 778 (1992). The Committee considered this

appeal at its 228th meeting, held on 19 December 2001, and decided to request the Multinational Interception Force to provide the Committee with information regarding ships seized and diverted in the Gulf. As requested by members of the Committee, the Treasurer would provide further background information on the United Nations escrow account.

39. At its 221st meeting, on 12 July 2001, the Committee had a preliminary discussion on the latest report of the Board of Auditors on the audit of the United Nations escrow account. It was agreed that the Chairman would write a letter to the Secretary-General expressing the Committee's appreciation for the report.

E. Monitoring arrangements and reported violations

40. At the 210th meeting, on 21 December 2000, it came to the Committee's attention that a United Arab Emirates subsidiary of a Qatari company had donated an aeroplane to Iraq. The Committee agreed that this was in breach of Security Council resolutions 661 (1990) and 670 (1990) and decided to send letters to the United Arab Emirates and Qatar to ascertain the facts of the matter.

41. At its 210th meeting, on 21 December 2000, the Committee decided to send letters to Libya, Syria and the United Arab Emirates regarding flights to Iraq that had taken place without notification to the Committee.

42. At its 215th meeting, on 19 March 2001, the Committee was informed that two flights to Iraq, from Bulgaria and Syria, had allegedly taken place without being brought to the attention of the Committee. In this connection, reports of Iraqi aircraft landing in other countries also came to the attention of the Committee. There was no consensus in the Committee on how to proceed with the matter.

43. At its 218th meeting, on 30 April 2001, the Committee was informed by the Office of the Iraq Programme that Glencore International AG, a company whose oil import from Iraq had been found by the oil overseers to be subject to irregularities, had paid back to the United Nations Treasury the outstanding $3 million from oil proceeds. The Committee agreed that the oil overseers should send a letter, on behalf of the Committee, warning Glencore International AG that all its future contracts would be scrutinized and that any irregularities would be brought to the immediate attention of the Committee. At its 226th meeting, on 8 November 2001, the Committee discussed a letter in which the Permanent Observer of Switzerland concluded that the investigation carried out by the Swiss State Secretariat of Economic Affairs, at the request of the Committee, into the alleged irregular activities of Glencore International AG had yielded no evidence that the company had intended to divert Iraqi oil from its original destination and sell it in Europe. At its 227th meeting, held on 3 December 2001, the Committee expressed some scepticism about the Swiss investigation. In this light, the Committee sent a letter, on 18 December 2001, to seek further clarification on the matter from the Swiss authorities.

44. At its 224th meeting, on 9 October 2001, the Committee received information that a group of Arab businessmen had presented the Government of Iraq with a Boeing 747 aircraft that had in turn been presented to Iraqi Airways. It was decided that the Committee was to send a letter to Egypt, Jordan, Lebanon, Morocco and the United Arab Emirates to investigate the matter.

45. At its 224th meeting, the Committee's attention was drawn to a number of German press articles reporting on Iraq's weapons programme. In one of the articles the New Delhi-based NEC Limited was reported to have acted as a buyer for the Al Mamoun fuel-manufacturing plant in Iraq, thereby allegedly being involved in the trans-shipment of embargoed materials. Discussions on the matter remain inconclusive.

46. On 6 November 2001, the Multinational Interception Force (MIF) Coordinator Vice-Admiral Charles Moore updated members at the 225th meeting of the Committee on MIF activities in the Persian Gulf since his last report to the Committee, in March 2000. While noting a substantial decrease in Iraqi oil smuggling through Iranian waters, Vice-Admiral Moore stressed that activities continued in smuggling oil to destinations in India, the United Arab Emirates, Yemen and the Horn of Africa, as did the unauthorized use of passenger ferries by certain States to carry cargo to and from Iraq. The Committee expressed its desire to hear further briefings from the MIF.

47. On 6 November 2001 the Committee considered a letter from the Captain of the turbine tanker *Essex*, transmitted by the Executive Director of the Office of the Iraq Programme, which stated that a large quantity

of Iraqi crude oil had recently been exported outside the framework of the United Nations humanitarian programme. The Committee heard a briefing from a representative of Saybolt regarding this matter. Members were in agreement that the Committee should take appropriate action to prevent such violations from happening again.

48. On the above issue, the Committee agreed: (a) that the Office of the Iraq Programme should come up with a detailed action plan containing recommendations aimed at improving the monitoring of oil loading at the oil pumping stations; (b) to address letters to all States whose companies had been involved in the incident (the Bahamas, France, the Netherlands, Venezuela, the United Kingdom and the United States); and (c) that the oil overseers should forward to the Committee for review contracts of the oil companies implicated in the incidents. On 9 November, the Mission of France notified the Committee Chairman that it planned to withdraw Ibex Energy from the list of companies that could make approved national oil purchases until French authorities completed investigations of its activities, particularly its alleged involvement in the *Essex* case. At the 227th meeting, on 3 December 2001, the Committee considered and subsequently approved an Office of the Iraq Programme proposal for additional operating procedures for crude oil monitoring at the Mina al-Bakr facility in Iraq.

F. Other matters

Passenger shipping services

49. The Committee considered a number of requests from Gulf States to open marine service lines to Iraq. At its 212th meeting, on 18 January 2001, the Committee addressed a request, submitted by Qatar, to open a shipping service between the ports of Doha and Umm Qasr to transport passengers and cargo. At the 220th meeting, on 14 June 2001, the Committee addressed additional communications from Bahrain and Oman, requesting the Committee's approval for maritime transportation of passengers to Iraq. The issue was taken up again at the 223rd meeting, on 10 September 2001, and at the 228th meeting, on 19 December 2001, with further information and assurances from the applicant States. Though most members of the Committee indicated that they would be positively inclined to approve the ferry services, provided that effective controls to prevent the transport of prohibited commodities could be developed, the Committee has been unable to reach consensus on these issues.

Aerial pesticide campaign

50. At its 212th meeting, on 18 January 2001, the Committee approved in principle, as had been the practice in the past, a request from FAO to undertake aerial spraying of mosquito larvae over affected areas in Iraq to control Rift Valley fever.

51. In this connection, at its 216th meeting, on 5 April 2001, the Committee also considered a letter from FAO concerning a request from Iraq to use its own pilots for aerial spraying activities in the Iraqi airspace north of the 36th parallel and south of the 33rd parallel. In this connection, at the 217th meeting, on 25 April 2001, a representative of FAO briefed the Committee. At the 218th meeting, on 30 April 2001, the FAO representative briefed the Committee again on the latest developments with regard to Iraq's request. The Committee was informed that Iraqi authorities would not accept having a representative of FAO aboard the flights. At its 219th meeting, on 3 May 2001, the Committee agreed to send a letter to the Iraqi authorities indicating the Committee's willingness to consider the Iraqi proposal positively on the condition that Iraq would allow FAO observers on board the helicopters used for the operation. In its reply to the Committee dated 10 July 2001, the Iraqi Government refused to accept the Committee's condition, noting that there was no guarantee of safety for FAO representatives aboard the flights in question due to the poor technical condition of the helicopters.

Article 50 of the Charter

52. At its 215th meeting, on 19 March 2001, the Committee discussed how to proceed with the communications from Belarus and India concerning the application of Article 50 of the United Nations Charter. In this connection, at the 223rd meeting, on 10 September 2001, the Committee was briefed by the Secretariat on the history of the application of Article 50 and the past practice of the Committee in this regard. At its 224th meeting, on 9 October 2001, the Committee agreed to send letters, with attached questions on matters for which clarifications were sought, inviting representatives of Belarus and India to present their cases to the Committee.

53. In his briefing of the Committee at its 227th meeting, on 3 December 2001, the Additional Secretary of the Ministry of External Relations of India stated that India estimated to have lost $25 billion to $30 billion as a result of United Nations sanctions against Iraq. He suggested that India be compensated through an India-Iraq "wheat for oil" programme, given India's surplus production of wheat. The Committee decided that the Committee would continue to discuss the issue in informal consultations. The Committee has since received two more communications from India on the subject. The matter remains on the Committee's agenda.

Approval of new projects and the transfer of used equipment to Iraq

54. With respect to a memorandum from the International Atomic Energy Agency requesting approval for seven technical cooperation projects in Iraq, the Committee, at its 217th meeting, on 25 April 2001, decided to clear the request along the same lines as it had done in the past.

55. At the 213th meeting, on 26 February 2001, the Committee agreed to send a letter endorsing the International Civil Aviation Organization's intention to initiate contacts with Iraq as part of the Universal Safety Oversight Audit Programme.

56. At its 216th meeting, on 5 April 2001, the Committee considered a request from the Department of Economic and Social Affairs concerning the transfer to Iraq of equipment and spare parts used for the implementation of United Nations Development Programme projects. The Committee agreed, in principle, to the Department's request but at the same time requested further information on the items concerned.

57. At its 224th meeting, on 9 October 2001, the Committee considered another communication from the Department of Economic and Social Affairs, informing the Committee about a pilot project for the General Federation of Iraqi Women (GFIW) and expressing support for a UNDP request that, as the project assistance was ending, the non-expendable equipment purchased by the project be allowed to be transferred to GFIW. The Committee raised no objection to the action proposed in the communication, provided that the United Nations Monitoring, Verification and Inspection Commission would first clear the items.

Other issues

58. At its 212th meeting, on 18 January 2001, the Committee considered a communication from Saudi Arabia requesting the opening of a border crossing to allow humanitarian goods to pass from Saudi Arabia into Iraq. The Committee decided to seek further clarification from Saudi Arabia and to ascertain Iraq's position on the matter. At the same time, it was suggested that the request be transmitted to the Secretary-General for his consideration, in accordance with paragraph 26 of the memorandum of understanding.

59. During the period covered by the present report, the Committee considered, at its 215th through 217th meetings, requests from Tunisia and Jordan to transfer Iraqi civilian aircraft held in their territories since the Gulf War. No agreement was reached in the Committee.

60. At the 224th meeting, held on 9 October 2001, the Committee discussed a letter from Kuwait conveying a request from the regional Organization for the Protection of the Marine Environment seeking approval to clean up the polluted waters of the Arabian Gulf and to prevent oil leakage from sunken Iraqi ships. After weighing the importance of the issue and obtaining further information from Kuwait on the matter, the Committee gave the green light to the project at its 226th meeting, on 8 November 2001.

III. Conclusions and observations

61. During the reporting period, the volume of the Committee's work continued to increase, as it deals with a wide range of issues of a complex and diverse nature. The Committee will continue its efforts to address the humanitarian situation in Iraq and other related issues within the framework of relevant Security Council resolutions.

62. The Committee has devoted much time and effort to overcoming difficulties arising from the implementation of the oil-for-food programme. It will continue to do so and to work closely with the Office of the Iraq Programme and all parties concerned to ensure the effective implementation of the

arrangements set out in paragraphs 1, 2, 6, 8, 9 and 10 of resolution 986 (1995).

63. As in the past, the Committee wishes to reiterate its appreciation for the consistent support and cooperation it has received from Member States, international organizations and the United Nations Secretariat in carrying out the tasks entrusted to it by the Security Council.